

Message Text

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46

ACTION NEA-12

INFO OCT-01 EUR-25 IO-14 ISO-00 EB-11 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SPC-03 FEA-02 OMB-01 DRC-01 /204 W

----- 094575

R 141305Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 246

INFO USEC BRUSSELS 335

USMISSION GENEVA

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 3546

E.O. 11652: N/A

TAGS: EFIN ETRD IN GATT

SUBJECT: TARIFF CHANGES IN GOI FY 1974-75 BUDGET

REFS: A. NEW DELHI 2980 OF MARCH 1, 1974 (NOTAL)

B. NEW DELHI 2554 OF MARCH 6, 1974

C. GENEVA 5246 OF OCTOBER 4, 1973 (NOTAL)

D. STATE 198567 OF OCTOBER 6, 1973 (NOTAL)

1. IN CONTRAST TO LAST YEAR'S GOI BUDGET (REF B) WHEN
TARIFF CHANGES DOMINATED CHANGES IN THE FISCAL SYSTEM
THIS YEAR'S BUDGET FOR THE MOST PART MERELY EXTENDS
CUSTOMS CHANGES INTRODUCED LAST YEAR. IN PARTICULAR,
AUXILIARY DUTIES OF 5, 10 AND 20 PERCENT ARE EXTENDED
BUT THE 10 PERCENT AUXILIARY DUTY (ARTICLES ON WHICH
THE EFFECTIVE RATE OF BASIC CUSTOMS DUTY IS BETWEEN
60 PERCENT AND 100 PERCENT AD VALOREM) IS RAISED TO
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15 PERCENT. THE ONLY OTHER CHANGE IN CUSTOMS DUTIES IS

TO INCREASE THE BASIC DUTY ON WHISKY, BRANDY, GIN AND CERTAIN OTHER SPIRITS FROM RS. 60 PER LITER TO RS. 80 PER LITER. THE BUDGET ESTIMATES THAT THE COMBINED IMPACT OF THE CUSTOMS CHANGES WILL PRODUCE RS. 200.5 MILLION, OR LITTLE OVER 2 PERCENT OF ANTICIPATED REVENUE FROM CUSTOMS.

2. WE HAVE SEEN NOTHING LATER THAN REFS C AND D WHICH INDICATED THAT INDIA WOULD ACCEPT A ONE YEAR ARTICLE XXV WAIVER, EXPIRING MARCH 31, 1974, FOR ITS AUXILIARY DUTIES. WE ASSUME THE WAIVER WAS APPROVED AND IF THE ISSUE OF THE EXTENSION IS RAISED, THAT INDIA WILL SEEK AN ADDITIONAL WAIVER.SCHNEIDER

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30 JUN 2005

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